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## Current Support Brief

CENTRAL CONTROL  
OF SOVIET CONSTRUCTION STRENGTHENED



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CENTRAL CONTROL  
OF SOVIET CONSTRUCTION STRENGTHENED

An outstanding feature of the reorganization of Soviet economic management that resulted from the November 1962 Party Plenum has been the reorganization of the management of construction. This reorganization of construction, which was completed by the end of August 1963, has the general purpose of increasing the effectiveness of expenditures on capital investment and reducing the backlog of unfinished construction projects. (For the administrative structure in Soviet construction before November 1962 and after March 1963, see the chart.)

The reorganization contains the following three major provisions: first, management of most construction organizations formerly under the regional sovnarkhozes and other organizations at the republic level has been divided between the republic ministries of construction and the State Committee for Construction Affairs (Gosstroy); second, management of the design of new buildings and of construction equipment and materials has been concentrated under the direction of Gosstroy; and, third, the role of Gosstroy in the selection of new projects has been increased in order to give fuller weight to Gosstroy's knowledge of the general availability of resources for construction. These measures, together with the apparent assignment to Gosstroy of substantial powers for guiding the republic ministries of construction, concentrate central control of most construction under Gosstroy and its subordinate units at the republic level.

The reorganization, which substantially reduces the powers of the regional sovnarkhozes, should be of some aid in speeding up construction, but it is not clear that it will reduce the backlog of unfinished construction.

1. Main Problems of Soviet Construction

The effectiveness of Soviet construction has been hampered severely by an overcommitment of construction resources with the result that the

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backlog of unfinished construction has increased by 26 percent during 1961-62. This overcommitment stems from three main problems, as follows: first, a tendency of officials at republic levels and below to propose to Gosplan excessive numbers of new construction projects; second, an inability or unwillingness of the central authorities -- particularly Gosplan -- to scale down these requests effectively; and, third, the failure of the construction industry to perform at a level commensurate with available resources. This failure results from confusion and delay at construction sites caused by poor management of construction organizations, by the lack of economical building designs, and by the erratic supply of construction materials and of equipment for installation in new buildings.

During the 2 years preceding the reorganization, attempts to reverse the growth in the backlog of unfinished construction included measures to broaden the review function of the USSR Council of Ministers over new projects approved by Gosplan, to change the bonus system for construction managers to make awards contingent on completion of a project as well as on the amount of work done, and to revise the material-technical supply system to prevent delays in supplying equipment for installation in new buildings. The failure of these measures to halt the growth in the volume of unfinished construction led to demand in the Soviet press for a thorough overhaul of the management of construction.

2. Provisions of the Reorganization of Construction

Most of the provisions of the reorganization were announced in November 1962, but those provisions affecting the relation of Gosstroy to the state production and branch of industry committees subordinate to it were not announced until March 1963. Some of the provisions, particularly those referring to the management of design, were not carried out until August 1963.

a. Management of Construction

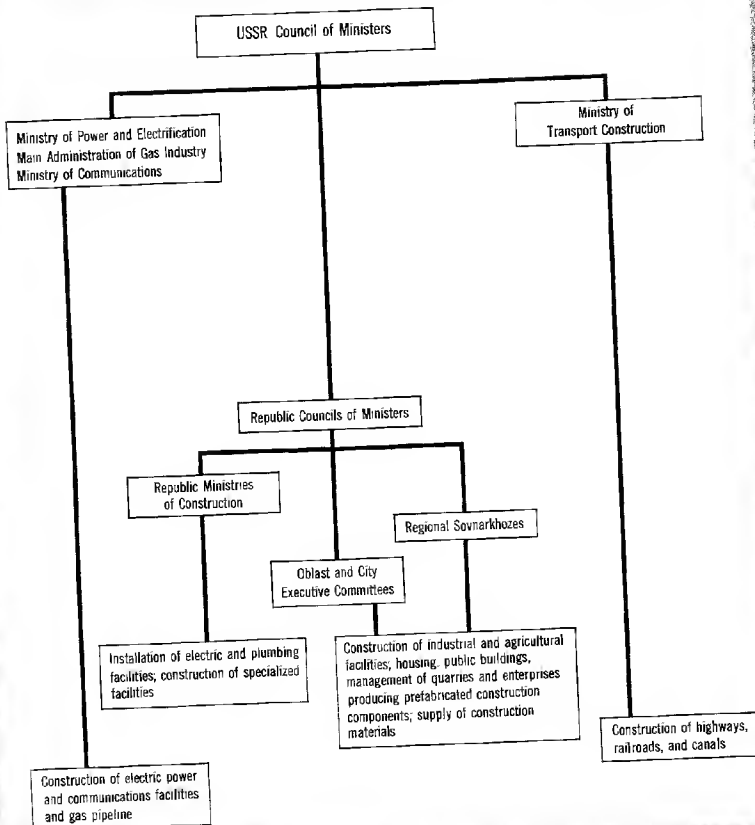
Before November 1962, responsibility for the management of construction was extremely dispersed. It was shared by several

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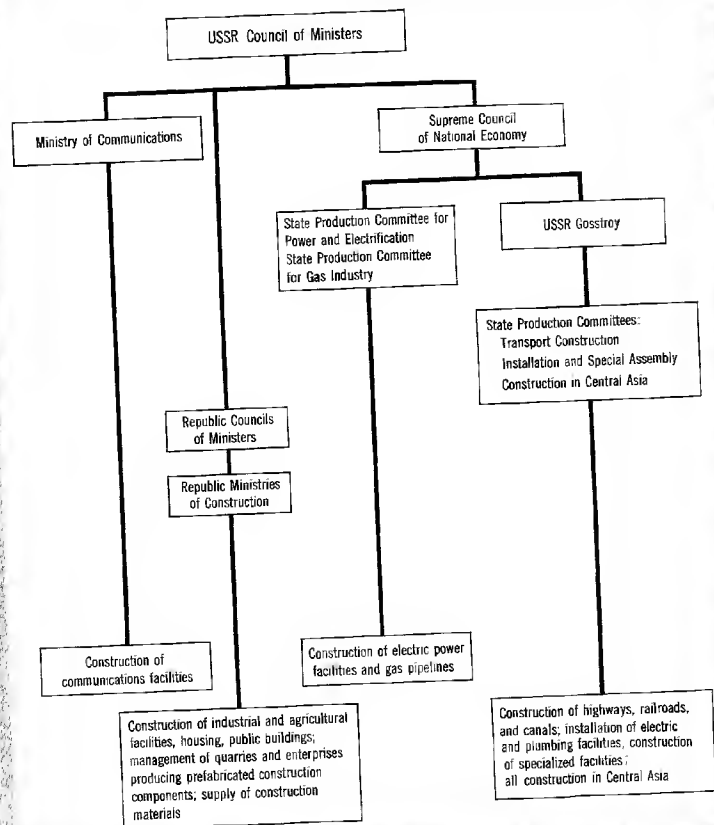
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# USSR: ADMINISTRATIVE SUBORDINATION OF CONSTRUCTION

Before November 1962



After March 1963



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ministries at the all-union level and by the regional sovnarkhozes, republic ministries of construction, and oblast and city executive committees. Construction of transportation facilities (such as highways, railroads, and docks) and of electric power facilities was managed by the Ministry of Transportation Construction and the Ministry of Power and Electrification, respectively. A limited amount of specialized construction also was managed by the Ministry of Communications and the Main Administration of the Gas Industry. Management of construction of industrial and agricultural facilities and of housing and public buildings was divided among the sovnarkhozes, republic ministries of construction, and oblast and city executive committees. This diversity of control of construction led to widespread differences in the technological levels of construction methods, the lowest levels being mainly in the construction organizations subordinate to the sovnarkhozes, which had numerous responsibilities other than the management of construction.

The reorganization places the republic ministries of construction in charge of management of construction of all industrial and agricultural facilities, housing, and public buildings within their territories.\* 1/ Within the three largest republics -- the RSFSR, the Ukraine, and Kazakhstan -- regional main administrations have been established under the republic ministries of construction to manage construction in regions that correspond roughly to present sovnarkhoz boundaries. 2/

Highly specialized construction organizations (such as those engaged in the installation of plumbing and electric wiring and of industrial structures such as blast furnaces) that had been subordinate to the republic ministries of construction now have been subordinated to the newly formed State Committee for Installation and Special Construction under Gosstroy. 3/

\* The reorganization also subordinated to the republic ministries such enterprises as quarries and factories producing prefabricated construction components and local material-technical supply organizations engaged in supplying construction materials and equipment for installation in new buildings. These enterprises were subordinate to the sovnarkhozes before the reorganization.

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In the four Central Asian republics -- Uzbek, Kirgiz, Tadzhik, and Turkmen SSR's -- which were grouped under a single central Asian sovnarkhoz in the reorganization of the sovnarkhozes, all construction organizations engaged in nonagricultural construction were subordinated to a newly formed State Production Committee for Central Asian Construction subordinate to Gosstroy, and agricultural construction in the Central Asian republics was placed under a Main Administration for Irrigation and Construction of State Farms in Central Asia subordinate to Gosstroy. 4/

At the all-union level the former Ministry for Transport Construction (renamed the State Production Committee for Transport Construction) was subordinated to Gosstroy. 5/ The subordination to Gosstroy of the management of construction transportation facilities along with that of installation and special construction and construction in Central Asia, places Gosstroy in control of most of the construction presently managed at the all-union level.\* Gosstroy also appears to have been given substantial authority over the republic ministries of construction, although the extent of this authority has not yet been made public. Some indication of its nature, however, is provided by the formation in Gosstroy of a new Main State Construction Inspectorate charged with maintaining control over the work of construction organizations under the republic ministries. This new inspectorate has been empowered to inspect construction sites and to halt work not being done in accordance with established standards. 6/

b. Management of Design

Before November 1962, institutes engaged in the design of new buildings were subordinate to a wide variety of parent organizations,

\* Management of construction of electric power facilities and gas pipelines was retained by the former Ministry of Power and Electrification (renamed the State Production Committee for Power and Electrification under the Supreme Council of National Economy) and the Main Administration of Gas Industry (renamed the State Production Committee for Gas Industry under the Supreme Council of National Economy), respectively.

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including Gosstroy (which handled about 15 percent of industrial building design), various state branch of industry committees, and a few sovna-rkhozes. 7/ The diversity of control of these institutes led to a proliferation of designs and to failures of coordination such as between the design of new construction and the kinds of construction materials available.

To standardize design work and to improve its coordination, the reorganization provides (1) for the transfer of all organizations engaged in the design of industrial construction to branch of industry administrations subordinate to Gosstroy; (2) for the placing of institutes engaged in designing housing and public buildings under a newly formed State Committee for Civil Construction and Architecture subordinate to Gosstroy; (3) for the placing of institutes engaged in designing construction materials under a newly formed State Committee for Construction Materials also subordinate to Gosstroy; (4) for the placing of all institutes engaged in designing construction equipment under a newly formed State Committee for Construction, Road, and Communal Machine Building; and (5) for the abolition of the Academies of Construction and Architecture of the USSR and the Ukraine and the transfer of their scientific research organizations to Gosstroy and its subordinate state committees. 8/

c. Selection of New Construction Projects

Before November 1962, actual decisions as to which of the proposed new construction projects would be initiated were made mainly by Gosplan, subject to review by the USSR Council of Ministers. Although Gosstroy was authorized to participate in these decisions, its role in practice appears to have been quite limited. 9/ Under the reorganization the voice of Gosstroy in deciding what new projects are to be initiated has been strengthened sharply. In contrast to the role of Gosplan, which emphasizes projects needed to support planned industrial growth, Gosstroy's role is to decide on the basis of construction capabilities and the availability of construction materials. 10/

3. Evaluation

The reorganization may be of some help in increasing the capabilities of the construction industry by reducing confusion and delay at construction



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sites and in speeding completion of projects by improving coordination and by standardizing construction methods, designs, and materials. The gain probably will not be large, however, for to eliminate delays in the supply of construction materials and equipment for installation in new buildings, more needs to be done to improve coordination between the local supply organizations now subordinate to the republic ministries of construction and all-union supply organizations now subordinate to the USSR Sovnarkhoz. 11/

It is not clear that the reorganization alone would reduce the backlog of unfinished construction. A major cause of this backlog has been the authorization of excessive new construction. To the extent that excessive authorization stems from ignorance of construction capabilities, the strengthened role of Gosstroy in screening proposed projects could aid in reducing it. If, as appears more likely, new construction projects in excess of capabilities are authorized through an unwillingness to face up to the real possibilities, a change in policy -- not a reorganization -- is necessary to reduce the backlog of unfinished construction.

The present reorganization substantially modifies the organization of construction established in 1957. Under the present reorganization, responsibility for implementing construction plans is shifted to the republics and away from the regional sovnarkhozes where it was placed in 1957. Thus much of the freedom to adjust construction methods and designs to meet variations in local conditions -- a major argument in favor of the earlier reorganization -- may be lost. The territorial principle of the 1957 reorganization, however, is left partly intact. Under this principle, construction of industrial facilities, which formerly had been managed along branch lines, was transferred to the sovnarkhozes to avoid narrow compartmentalization by branch of industry. The retention of regional construction administrations under the ministries of construction in the three largest republics in part continues this principle. A more general problem is the general confusion of authority that accompanies any major reshuffling of responsibilities in the administrative apparatus of the construction sector.

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